

Message Text

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ACTION ARA-20

INFO OCT-01 EUR-25 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 L-03 H-03

PA-04 PRS-01 USIA-15 CIAE-00 COME-00 FRB-02 INR-10

NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01 AGR-20 INT-08

FEA-02 NEA-14 AF-10 IO-14 DRC-01 /254 W

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R 091244Z MAY 74

FM AMEMBASSY PORT OF SPAIN

TO SECSTATE WASHDC 6377

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY CARACAS

AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY LONDON

LIMITED OFFICIAL USE PORT OF SPAIN 1064

E.O. 11652: N/A

TAGS: EFIN, TD, XL

SUBJECT: TRINIDAD OFFERS FINANCIAL ASSISTANCE TO ITS
CARICOM PARTNERS

1. FOLLOWING THE ANNUAL MEETING OF THE CARIBBEAN DEVELOP-
MENT BANK (CDB) HELD IN GRENADA LAST WEEK, CARICOM FINANCE
MINISTER MET IN PORT OF SPAIN MAY 5 TO DISCUSS TRINIDAD'S
PROPOSAL TO FORM A SPECIAL FUND WITHIN THE CDB TO ASSIST
LESSER-DEVELOPED CARICOM MEMBERS, AND TO DISCUSS MEANS BY
WHICH TRINIDAD CAN PROVIDE BALANCE OF PAYMENTS SUPPORT TO
CENTRAL BANKS OF OTHER CARICOM MEMBERS. ALTHOUGH NO DETAILS
OF EITHER SCHEME HAVE BEEN ANNOUNCED, THERE APPARENTLY WILL
BE A SERIES OF MEETINGS TO DETERMINE MECHANISMS BY WHICH
BOTH THE SPECIAL FUND AND THE BOP SUPPORT COULD OPERATE.
TRINIDAD'S FINANCE MINISTER GEORGE CHAMBERS HAS EMPHASIZED
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THAT THE CDB SPECIAL FUND PROPOSAL (TO WHICH TRINIDAFSHAS

PLEDGED "A SUBSTANTIAL INITIAL DEPOSIT") IS SEPARATE AND DISTINCT FROM BOP ASSISTANCE. THE LATTER WILL BE DEVELOPED THROUGH BILATERAL MEETINGS BETWEEN CHAMBERS AND FINANCE MINISTERS FROM BARBADOS, GUYANA AND JANAICA. PRESS REPORTS HAVE STATED THAT TRINIDAD IS CONSIDERING REPATRIATION OF PART OF ITS STERLING RESERVES FROM LONDON AND PLACING THEM WITH THE CENTRAL BANKS OF ITS CARICOM PARTNERS.

2. COMMENT: OIL-RICH (RELATIVELY) TRINIDAD HAS BEEN UNDER PRESSURE FOR FINANCIAL ASSISTANCE (OR PREFERENTIAL OIL PRICES) TO ITS CARICOM PARTNERS SINCE THE BEGINNING OF UWE ENERGY CRISIS. WHILE REFUSING TO CONSIDER CUT-RATE PETROLEUM PRICES, THE GOTT DID ORDER OIL COMPANIES TO MAINTAIN NORMAL LEVELS OF SUPPLY OF PETROLEUM PRODUCTS TO CARICOM. THEN IN FEBRUARY, PRIME MINISTER WILLIAMS ANNOUNCED THAT TRINIDAD HAD OFFERED TO PURCHASE IBRD (AND POSSIBLY IDB) BONDS WITH ITS (ANTICIPATED) EXCESS FOREIGN RESERVES DUE TO OIL RECEIPTS, IF THESE FUNDS WOULD THEN BE CHANNELED TO THE LESSER-DEVELOPED CARICOM MEMBERS. THERE HAS BEEN NO APPARENT PROGRESS TOWARD SUCH A BOND PURCHASE, HOWEVER, AND ANNOUNCEMENT OF THE CDB SPECIAL FUND PROBABLY INDICATES THAT TRINIDAD HAS DECIDED TO MAKE FUNDS AVAILABLE TO ITS CARICOM PARTNERS IN THE MOST DIRECT WAY POSSIBLE (AND IN SUCH A WAY THAT THE GOTT WILL RECEIVE FULL CREDIT FOR ITS UNDERTAKING).
MILLER

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